

Clearly better than estimated Q1

Raute's Q1 results came in clearly better than our estimates. Top line fell, as expected, but less than we had estimated, while profitability remained relatively strong despite the lower revenue. Only Q1 order intake showed some softness relative to our estimate, but this may have mostly to do with the large projects the company has been signing lately.

- Raute Q1 revenue fell by 10.8% y/y to EUR 36.8m, compared to our EUR 32.0m estimate. Wood Processing came in at EUR 24.4m vs our EUR 21.0m estimate, while Services was EUR 8.3m, compared to our EUR 8.0m estimate. Analyzers amounted to EUR 4.1m vs our EUR 3.0m estimate.
- EBIT amounted to EUR 0.9m vs our EUR 0.3m estimate, while comparable EBITDA was EUR 2.8m vs our 1.5m estimate. Profitability improved especially in Wood Processing (up EUR 2.2m and 4.5% comparable EBITDA margin vs -3.7% a year ago due to lesser cost pressure and better mix) but also in Analyzers, while Services remained flat. Cost inflation is no more a big problem, but there are still challenges related to component availability.
- Q1 order intake came in at EUR 67m, compared to our EUR 81m estimate. In our view this softness relative to our estimate stems from Europe (where the company has signed a big order in Q2) and North America.
- Order book amounted to EUR 121m at the end of Q1, including EUR 3m in Russian orders.
- Raute guides FY '23 revenue to be above EUR 150m and comparable EBITDA margin above 4% (updated on Apr 25).

Rating				BUY
Q1'23	Actual	Evli	Year ago	Q4'22
Revenue	36.8	32.0	41.3	45.7
Wood Processing	24.4	21.0	30.5	33.3
Services	8.3	8.0	7.9	8.7
Analyzers	4.1	3.0	2.8	3.7
Operating profit	0.9	0.3	-1.5	0.5
Operating profit margin	2.4 %	0.9 %	-3.6 %	1.1 %
Share price, EUR (Last trading day's closing price)				10.20
Target price, EUR				11.0
Latest change in recommendation				24-Oct-22
Latest report on company				19-Apr-23
Research paid by issuer:				YES
No. of shares outstanding, '000's				5,102
No. of shares fully diluted, '000's				5,102
Market cap, EURm				52
Free float, %				-
Exchange rate				-
Reuters code				RAUTE.HE
Bloomberg code				RAUTE:FH
Average daily volume, EURm				0.1
Next interim report				28-Apr-23
Web site				www.raute.com/investors
Analyst				Joonas Ilvonen
E-mail				joonas.ilvonen@evli.com
Telephone				+358 44 430 9071

BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	142.2	-2.2	-1.5%	12.9	-0.41	-48.7	0.5	-32.0	15.4	0.00
2022	158.3	-14.6	-9.2%	-18.0	-2.70	-3.1	0.3	-2.8	-51.4	0.00
2023E	133.1	2.5	1.9%	4.0	0.39	26.0	0.4	21.3	7.8	0.20
2024E	154.6	7.3	4.7%	5.0	1.14	8.9	0.3	6.8	9.5	0.50
2025E	164.1	9.7	5.9%	5.2	1.52	6.7	0.3	4.8	10.0	0.75
Market cap, EURm	52		BV per share 2023E, EUR		5.1		CAGR EPS 2022-25, %		0.0	
Net debt 2023E, EURm	1		Price/book 2023E		2.1		CAGR sales 2022-25, %		1.2	
Enterprise value, EURm	53		Dividend yield 2023E, %		2.0		ROE 2023E, %		8.4	
Total assets 2023E, EURm	83		Tax rate 2023E, %		20.0		ROCE 2023E, %		7.3	
Goodwill 2023E, EURm	2		Equity ratio 2023E, %		29.9		PEG, P/E 23/CAGR		0.4	

All the important disclosures can be found on the last pages of this report.

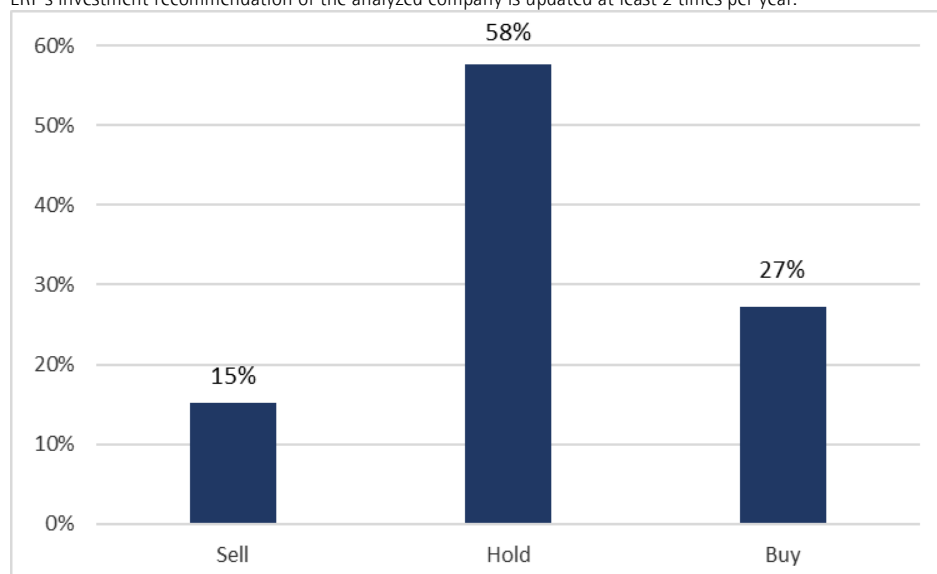
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Teemu Reiman +358 40 352 6175

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001